



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2021-0276 V3

TO: Mayor and City Council Members

FROM: Sara Roediger, Director of Planning and Economic Development, ext. 2573

DATE: January 29, 2022

SUBJECT: Request for Approval of a Brownfield Plan for Rochester/Avon Retail Development Brownfield Plan – City File No. 21-007, 2.03 acres located at the northeast corner of Rochester and Avon Roads

REQUEST:

Approval of a Brownfield Plan for Rochester/Avon Retail Development Brownfield Plan including a local only tax capture for the Rochester/Avon Retail Development, for specified activities to clean up a leaking underground storage tank property located on 2.03 acres at the northeast corner of Rochester and Avon, zoned B-2 General Business District and B-5 Automotive Service Business District with an FB-3 Flexible Business Overlay. The project includes the demolition of the existing gas station and bank building and redevelopment with a two-story mixed used building with a drive-through operation.

BACKGROUND:

This request was tabled at the July 15, 2021 BRA meeting and then subsequently approved at the November 18, 2021 BRA meeting by a 3-1 vote. Attached is the Brownfield Plan submitted on November 2, 2021 by PM Environmental for a site located at the northeast corner of Rochester and Avon Roads, along with a review letter dated November 4, 2021 prepared by Tom Wackerman of ASTI Environmental, the City's environmental consultant. The applicant continues to request support for the Brownfield Plan that will allow the use of tax increment financing for certain specified activities involved in the redevelopment of the site including environmental assessment, vapor barrier design and installation, utility corridor gaskets and barriers, underground storage tank removal, soil and groundwater removal and disposal, predemolition asbestos abatement, building and site demolition, Brownfield Plan preparation, and associated oversight and project management. This site, comprised of three parcels, has a gas station, retail stores and a vacant parcel with a parking lot and is proposed to be redeveloped with a mixed use retail and office building. The site plan for this development has been approved by the Planning Commission at the September 21, 2021 meeting and by City Council for the conditional use at the December 13, 2021 meeting, as recommended by the Planning Commission.

The anticipated total estimated investment is \$10 million, with a total job creation estimate of 70 permanent full time jobs and 100 temporary construction jobs. The listed initial taxable value is \$617,020 based on the 2021 actual taxable value, with an estimated future taxable value of \$2,216,954, as provided by the City's Assessors Office.

The Draft Plan proposed to start capture in 2023 and will require an estimated 15 years for reimbursement to the Developer. The Draft Plan is requesting total reimbursement to the Developer of \$508,553. Capture will be for real property and all personal property incremental taxes. Note that the request is to capture from local taxes only and therefore will not require submittal of a 381 Work Plan to the Michigan Department of Environment, Great Lakes, and Energy (EGLE).

As noted in the City's Brownfield Incentives Policy, "local tax capture for eligible activities will be limited to the proportional share that captured local tax mills have to the total property taxes, even in cases where state tax capture is not approved". However, the Policy also indicates that the "City will consider each application on a case-by-case basis" and any exception to the proportional local tax capture "will be those cases where there is a compelling local interest".

If City Council determines to limit the reimbursement to the proportional local tax capture of total taxes as outlined in the policy, the amount for reimbursement would be reduced to \$219,046 and would require an estimated 7 years of capture.

As noted in the ASTI memo, while the Policy indicates that the local only capture will be limited to the "the proportional share that captured local tax mills have to the total property taxes" it is more common to limit local only capture to the proportional share that captured local tax mills have to the total capturable property taxes. If City Council determines to limit the reimbursement to the proportional local tax capture of total capturable taxes, as recommended by ASTI, the amount for reimbursement would be reduced to \$238,302 and would require 8 years of capture.

The Brownfield Redevelopment Authority recommended approval of the proposed plan, with several findings and conditions as reflected in the attached resolution, at its November 18, 2021 meeting. Please refer to the attached Brownfield Redevelopment Authority minutes for further details.

In accordance with Act 381 of 1996, the Brownfield Redevelopment Financing Act the City's BRA is authorized to review and make a recommendation regarding the Plan. The Brownfield Act also requires that a public hearing be held prior to considering the request for approval of a Plan. At the January 10, 2022 meeting Council set the public hearing for February 7, 2022. Representatives from the applicant team, City staff and consultants will be available at the meeting to discuss the proposed brownfield plan and to answer any questions.

RECOMMENDATION:

The Brownfield Redevelopment Authority recommends that City Council approve the Brownfield Plan dated November 2, 2021 for the full amount of \$508,553 for the Rochester/Avon Retail Development, with a 15 year reimbursement period, to execute a reimbursement agreement within 180 days of Plan approval by City Council, and include performance requirements as described in ASTI's letter.

OR

Staff and the City's environmental consultant, ASTI Environmental, recommends that City Council approve the Brownfield Plan dated November 2, 2021 limiting the reimbursement of eligible costs to be the proportional share of the capturable taxes, which would result in a reimbursement of \$238,302 for the Rochester/Avon Retail Development, with an 8 year reimbursement period, to execute a reimbursement agreement within 180 days of Plan approval by City Council, and include performance requirements as described in ASTI's letter.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
Deputy City Clerk		

Contract Reviewed by City Attorney Yes N/A